

6: M/037/040
Paul

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple - Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) 01/2005 To (mo./yr.) 01/2006
2. DOGM File Number (Mine No): M370040
3. Mine Name: Velvet
4. Mineral(s) Mined (or permitted to mine): Uranium
5. Type of mine: ☐ Surface Mine or ☒ Underground Mine
6. Legal Description (Location of Lands Affected):
1/4, SE 1/4, NE 1/4, Section 3, Township 31S, Range 25E
1/4, NW 1/4, SE 1/4, Section 3, Township 31S, Range 25E
1/4, NW 1/4, SE 1/4, Section 3, Township 31S, Range 25E
7. Name of Operator or Company: U.S. Energy Corp.
8. Permanent Street Address: 877 North 8th West
City, State, Zip: Riverton, WY, 82501
Phone: (307) 856-9271 Fax: (307) 857-3050 E-mail: fred@usnr.com
9. Company Representative (or designated operator):
Name: Fred Craft
Title: Director of Regulatory Affairs
Business Address: 877 North 8th West
City, State, Zip: Riverton, WY 82501
Phone: (307) 856-9271 Fax: (307) 857-3050 E-mail: fred@usnr.com
☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☐ No ☒
2. If no - what was the last year of activity? 2003

Reviewed
10/5/06
MAY

RECEIVED

JAN 17 2006

DIV. OF OIL, GAS & MINING

3. Report the gross amount of ore mined and waste moved, as well as the arrangement, positioning, or distribution of the material. none
4. Briefly describe the type of work performed, during the past year. none
5. How much **new or additional acreage** was disturbed during the past year? none
6. How much acreage was **reclaimed** during the past year? none
7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results. (Submit form MR-SITE for an application for full or partial bond/site release).
none
8. What is the **total** disturbed acreage of entire project at years end? 21.9 Ac
9. Briefly summarize any mining and/or reclamation plans for the upcoming year.
Inspect and repair as needed during vegetation growth
10. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

NOTE: Section III., "Additional Information" applies only to **large mining operations**.

III. Additional Information - R647-4-121.2

1. **Include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule R647-4-105.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print): Fred Croft

Title of Operator: Director of Regulatory Affairs

Signature of Operator: Fred Croft

Date: 01/12/06